

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



first quarter 2014



City of Minneapolis
Department of Community Planning
& Economic Development - CPED

Vol. 12 No. 1

2014

Highlights for the first quarter of 2014

	1Q-14	change from	
		4Q-13	1Q-13
Labor force	217,389 residents	▼	▲
Residents employed	207,067	▼	▲
Unemployment rate	4.7%	▲	▼
New residential permitted units	474 units	▼	▼
Permitted residential conversions, remodels and additions	107 buildings \$ 9.7 million	▼	▼
Permitted non-residential conversions, remodels and additions	134 buildings \$ 69.1 million	▼	▼
Residential units demolished	32 units	▼	▼
Rental vacancy rate	3.2 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,095	▼	▲
Residential units sold	739 units	▼	▲
Traditional	235 units	▼	▼
Lender-mediated			
Median sale price of residential units			
Traditional	\$ 199,820	▼	▲
Lender-mediated	\$ 100,401	▲	▲
Foreclosures	173	▲	▼
Condemned and vacant buildings	587	▲	▼
Minneapolis CBD office vacancy rate	16.4 %	▼	—
Minneapolis CBD retail vacancy rate	9.9%	▼	▼

Highlights for the third quarter of 2013 – Jobs and wages

	3Q-13	2Q-13	3Q-13
Number of jobs	305,275 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,169	▼	▲

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first quarter 2014

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Economic indicators

- Average employment and labor force numbers declined this past quarter. The resulting unemployment rate is higher than the previous quarter at 4.7%. In comparison with the same quarter last year, over 2,500 more city residents were working.
- As of the third quarter 2013 there were 305,275 jobs in Minneapolis, an increase of nearly 2,500 jobs (0.8 percent) over the previous quarter, and 6,000 more (2.0 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at a similar pace of 2.1 and 1.9 percent respectively.
- Average inflation adjusted wages for the third quarter 2013 were down 0.2 percent from the same period a year before. Inflation adjusted wages in the metro area rose 0.6 percent while rising 2.0 percent at the state level during the same period.

Labor force

During the first quarter 687 residents (a 0.3 percent decrease) left the labor force, while 1,541 fewer residents (a 0.7 percent decrease) were working. As a result, the unemployment rate rose from 4.3 percent in the fourth quarter of 2013 to 4.7 percent in the first quarter of 2014.

The metro area also experienced a decrease in the labor force accompanied by a larger decrease in employment. This resulted in an increase in the unemployment rate to 4.8 percent up from 4.1 percent in the previous quarter.

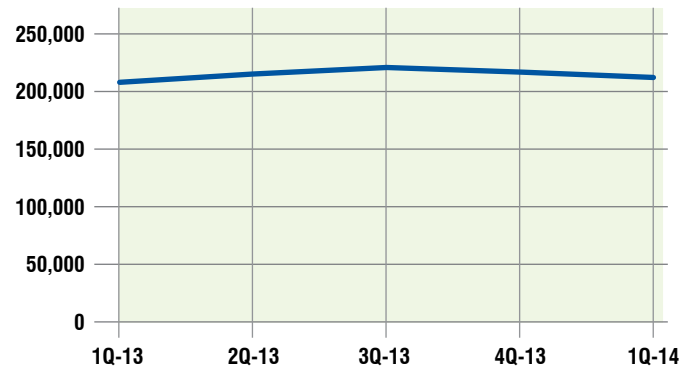
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis					
Labor Force	215,868	219,377	219,777	218,076	217,389
Employment	204,542	208,412	208,547	208,608	207,067
Unemployment rate	5.2%	5.0%	5.1%	4.3%	4.7%
Metro area					
Labor Force	1,620,025	1,641,577	1,641,111	1,629,810	1,628,191
Employment	1,532,804	1,561,805	1,562,813	1,561,940	1,549,957
Unemployment rate	5.4%	4.9%	4.8%	4.1%	4.8%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

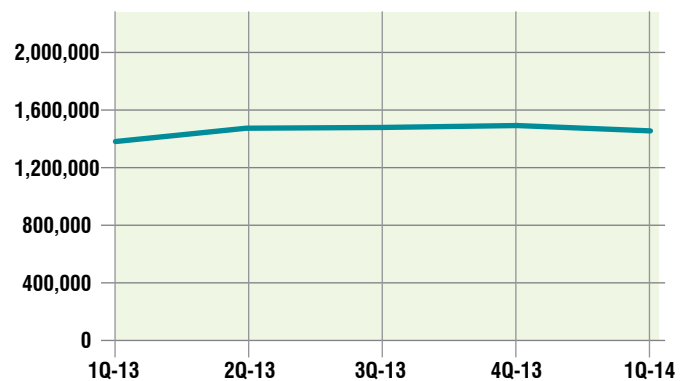
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT** – Minneapolis
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT** – Metro area*
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	3Q-2012	4Q-2012	1Q-2013	2Q-2013	3Q-2013	Change from 3Q-12 - 3Q-13
Total, All Industries	299,306	301,044	296,999	302,839	305,275	5,969
Construction	5,869	5,407	5,061	5,490	6,145	276
Manufacturing	13,717	13,504	13,124	13,043	13,130	(587)
Utilities	2,856	2,803	2,844	2,879	2,913	57
Wholesale Trade	8,598	8,516	8,646	8,719	8,844	246
Retail Trade	14,827	14,542	13,845	15,102	15,138	311
Transportation and Warehousing	6,677	6,756	6,697	6,596	6,458	(219)
Information	10,556	10,682	9,363	9,264	10,721	165
Finance and Insurance	27,132	27,051	26,828	26,631	26,598	(534)
Real Estate and Rental and Leasing	9,304	9,305	9,389	9,297	9,241	(63)
Professional and Technical Services	32,761	33,006	33,244	33,441	33,737	976
Management of Companies and Enterprises	19,393	19,743	19,936	20,056	20,295	902
Administrative and Waste Services	16,278	15,955	13,802	14,718	15,099	(1,179)
Educational Services	28,836	31,380	31,373	31,406	29,356	520
Health Care and Social Assistance	50,358	51,671	52,434	53,433	54,369	4,011
Arts, Entertainment, and Recreation	5,304	4,638	4,798	5,385	5,329	25
Accommodation and Food Services	24,188	24,390	23,032	24,243	24,907	719
Other Services, Ex. Public Admin	9,672	9,735	9,410	9,739	9,768	96
Public Administration	12,716	11,769	11,767	11,928	13,031	315

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of the third quarter 2013, the number of jobs located in Minneapolis was 305,275, a 0.8 percent increase from the previous quarter. In comparison with the same quarter in 2012, the number of jobs increased by 2.0 percent (approximately 6,000 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 3rd quarter 2012 to 3rd quarter 2013

Sectors which gained the most jobs:

- **Health Care and Social Assistance** grew by **4,011 jobs**, an **8.0 percent** increase.
- **Construction** grew by **276 jobs**, a **4.7 percent** increase.
- **Management of Companies and Enterprises** grew by **902 jobs**, a **4.7 percent** increase.

Sectors which experienced greatest job losses:

- **Transportation and Warehousing** lost **219 jobs**, a **3.3 percent** decrease.
- **Manufacturing** lost **587 jobs**, a **4.3 percent** decrease.
- **Administrative and Waste Services** lost **1,179 jobs**, a **7.2 percent** decrease.

Quarter to quarter change – 2nd quarter 2013 to 3rd quarter 2013

Sectors which gained the most jobs:

- **Information** grew by **1,457 jobs**, a **15.7 percent** increase.
- **Construction** grew by **655 jobs**, a **11.9 percent** increase.
- **Public Administration** grew by **1,103 jobs**, a **9.2 percent** increase.

Sectors which experienced greatest job losses:

- **Arts, Entertainment, and Recreation** lost **56 jobs**, a **1.0 percent** decrease.
- **Transportation and Warehousing** lost **138 jobs**, a **2.1 percent** decrease.
- **Educational Services** lost **2,050 jobs**, a **6.5 percent** decrease.

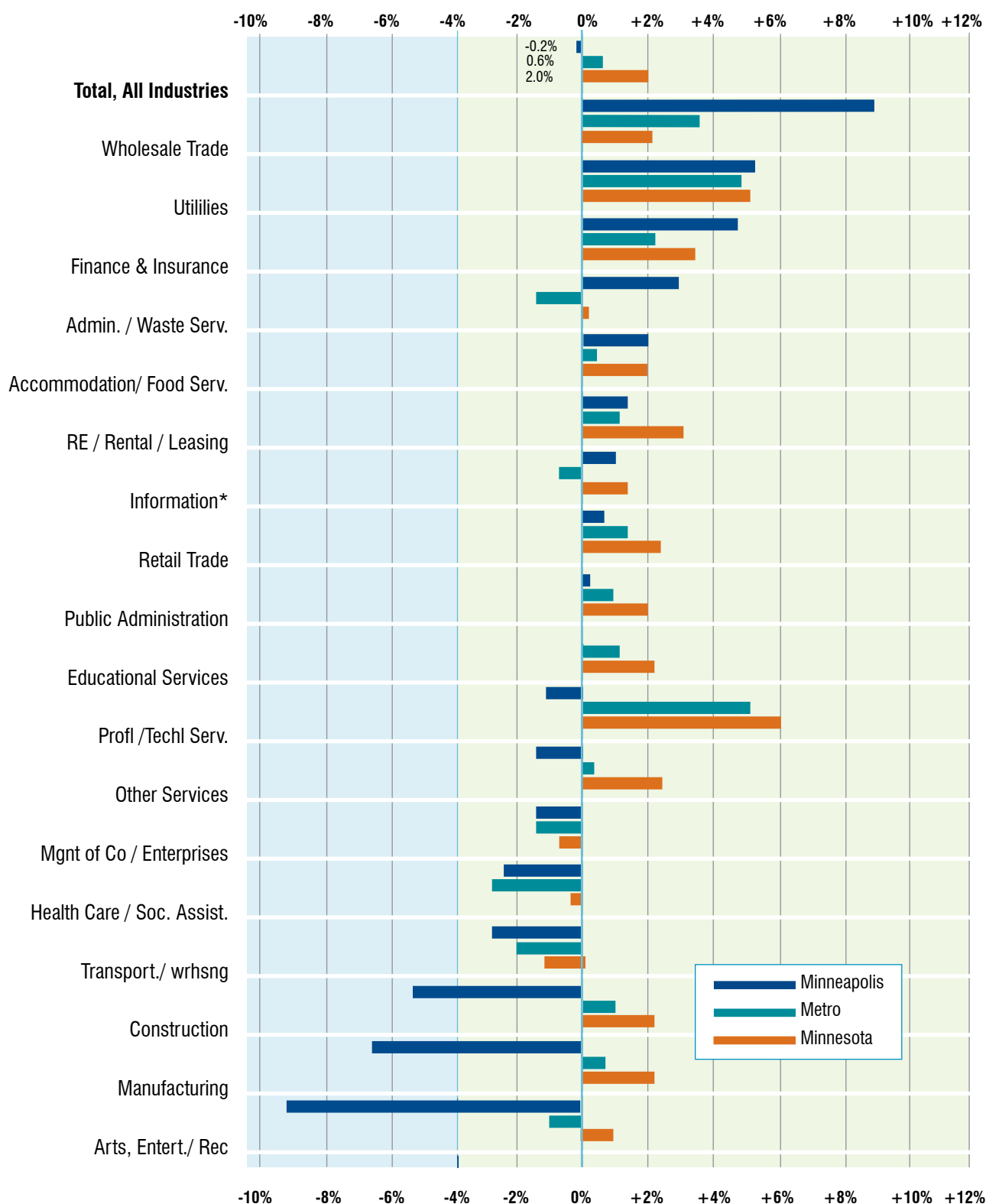
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 2.0 percent over the previous twelve months while the metro area and state added jobs at rates of 2.1 and 1.9 percent respectively.

Of the sectors **posting growth** over this period, **Health Care and Social Assistance** was the fastest growing sector in the city at 8.0 percent, while it grew at a slower rate in the metro area and the state. In addition to health care, **Construction** and **Management of Companies** grew at a rate of 4.7 percent over the previous twelve months.

Of the economic sectors losing jobs in the city, **Administrative and Waste Services**, **Manufacturing**, and **Transportation and Warehousing** saw the greatest declines.

Jobs

Figure 3: **JOBS** –3Q-12 to 3Q-13
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low
For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the second quarter of 2013 was **\$1,169**, a **1.7 percent** increase in non-adjusted dollars from the previous year, and a **0.2 percent** decrease when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Wholesale Trade** saw the highest average weekly wages increase at **131 dollars (10.9 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	3Q-2012	4Q-2012	1Q-2013	2Q-2013	3Q-2013	Change from 3Q-12 - 3Q-13
Total, All Industries	\$ 1,150	\$ 1,276	\$ 1,358	\$ 1,206	\$ 1,169	\$19
Construction	\$ 1,129	\$ 1,194	\$ 1,141	\$ 1,222	\$ 1,094	\$(35)
Manufacturing	\$ 1,098	\$ 1,355	\$ 1,116	\$ 1,097	\$ 1,048	\$(50)
Utilities	\$ 1,572	\$ 1,807	\$ 2,424	\$ 1,777	\$ 1,691	\$119
Wholesale Trade	\$ 1,204	\$ 1,406	\$ 1,449	\$ 1,337	\$ 1,335	\$131
Retail Trade	\$ 503	\$ 516	\$ 532	\$ 497	\$ 516	\$13
Transportation and Warehousing	\$ 984	\$ 962	\$ 1,029	\$ 927	\$ 977	\$(7)
Information	\$ 1,276	\$ 1,357	\$ 1,494	NA	\$ 1,316	\$40
Finance and Insurance	\$ 1,737	\$ 2,069	\$ 3,151	\$ 1,838	\$ 1,850	\$113
Real Estate and Rental and Leasing	\$ 1,417	\$ 1,369	\$ 2,161	\$ 1,368	\$ 1,465	\$48
Professional and Technical Services	\$ 1,685	\$ 2,231	\$ 1,683	\$ 1,719	\$ 1,693	\$8
Management of Companies and Enterprises	\$ 1,963	\$ 1,801	\$ 2,308	\$ 2,283	\$ 1,962	\$(1)
Administrative and Waste Services	\$ 659	\$ 696	\$ 693	\$ 657	\$ 692	\$33
Educational Services	\$ 1,082	\$ 1,188	\$ 1,055	\$ 1,181	\$ 1,102	\$20
Health Care and Social Assistance	\$ 934	\$ 991	\$ 947	\$ 951	\$ 928	\$(6)
Arts, Entertainment, and Recreation	\$ 1,389	\$ 1,046	\$ 917	\$ 1,318	\$ 1,286	\$(103)
Accommodation and Food Services	\$ 387	\$ 399	\$ 382	\$ 388	\$ 402	\$15
Other Services, Ex. Public Admin	\$ 618	\$ 657	\$ 606	\$ 609	\$ 618	\$-
Public Administration	\$ 1,162	\$ 1,269	\$ 1,260	\$ 1,227	\$ 1,186	\$24

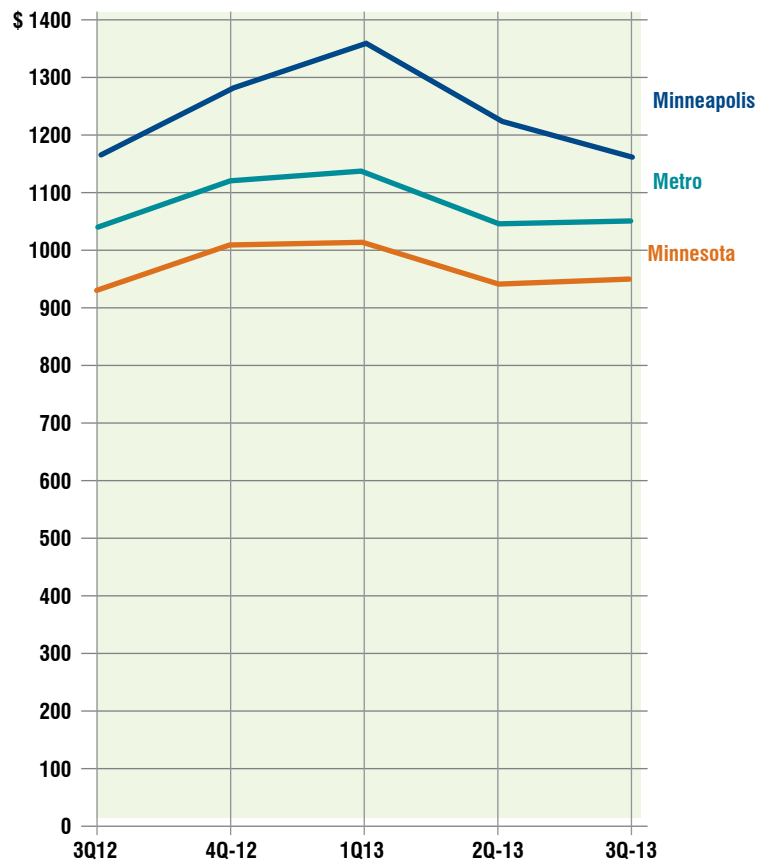
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars fell in the city while rising at the state and metro area geographies.

Figure 4: **AVERAGE WEEKLY WAGES** –3Q-12 to 3Q-13
in inflation-adjusted dollars



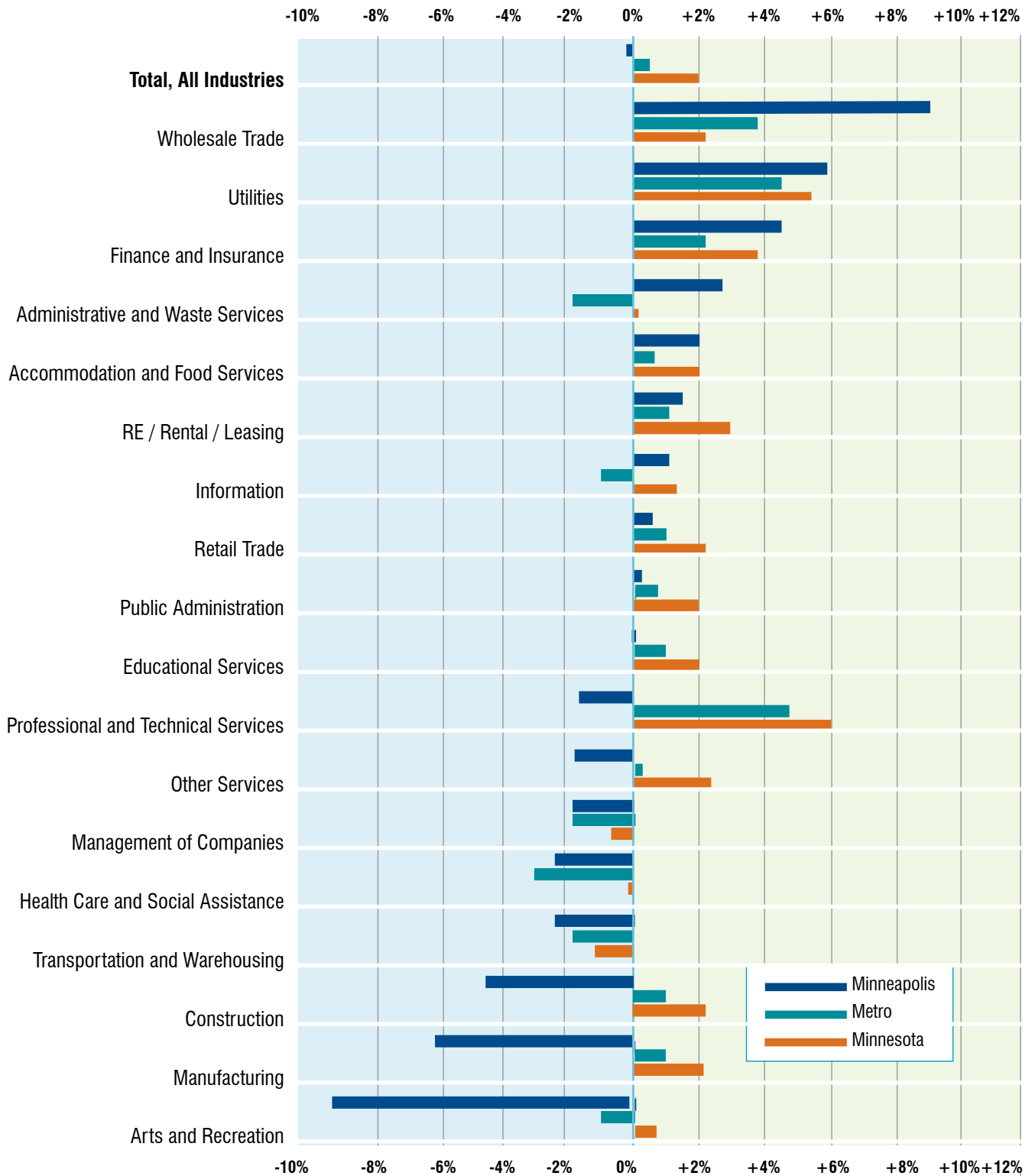
	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13	\$ change 3Q-12 to 3Q-13	% change 3Q-12 to 3Q-13
Minneapolis	\$ 1,171	\$ 1,299	\$ 1,362	\$ 1,210	\$ 1,169	(\$2)	-0.2%
Metro area	\$ 1,048	\$ 1,132	\$ 1,155	\$ 1,044	\$ 1,054	\$6	0.6%
Minnesota	\$930	\$ 1,001	\$ 1,009	\$ 935	\$ 944	\$14	1.5%

Source: Minnesota Department of Employment and Economic Development (DEED)

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –3Q-12 to 3Q-13
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

Wages

Approximately half of the sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Wholesale Trade** and **Utilities** sectors saw the largest percentage increases over the previous year. In the metro and state geographies, job sectors experiencing the greatest wage growth were **Utilities** and **Professional and Technical Services**.

- **Wholesale Trade** saw the largest increase in wages in Minneapolis with **8.9 percent** growth, while wages for the industry changed at rates of -3.8 and 2.1 percent respectively in the metro area and state.

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- **474 new construction residential units** were permitted this quarter, most of them rental units in multifamily buildings, although the number of single family permits remained strong at **37 permits** issued.
- The city permitted **50.9 percent** fewer multifamily units this quarter than last quarter, and **10.3 percent** fewer permits than were issued in the same quarter of 2013.
- Twenty-four residential and commercial projects valued at least \$1 million were permitted this quarter, totaling \$171.9 million. The largest single project was the new 333 unit WaHu apartment project near the University of Minnesota along the Green Line.

New construction

Minneapolis city permitting of single- and multi-family units decreased both over the previous quarter and the same quarter in 2013. New residential unit permitting activity in the metro area decreased over the previous quarter and increased when compared to the same quarter last year.

Figure 6 shows the last five quarters of residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

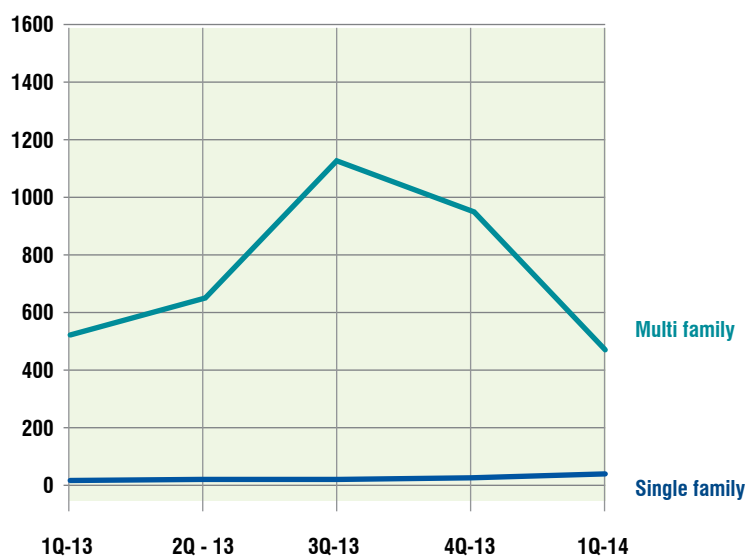
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Single-family					
City	22	33	46	45	37
Metro area	1,059	1,665	1,720	1,412	958
Multifamily					
City	487	625	1,174	890	437
Metro area	497	832	1,903	1,449	770
Total Units					
City	509	658	1,220	935	474
Metro area*	1,556	2,497	3,623	2,861	1,728

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area.

For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



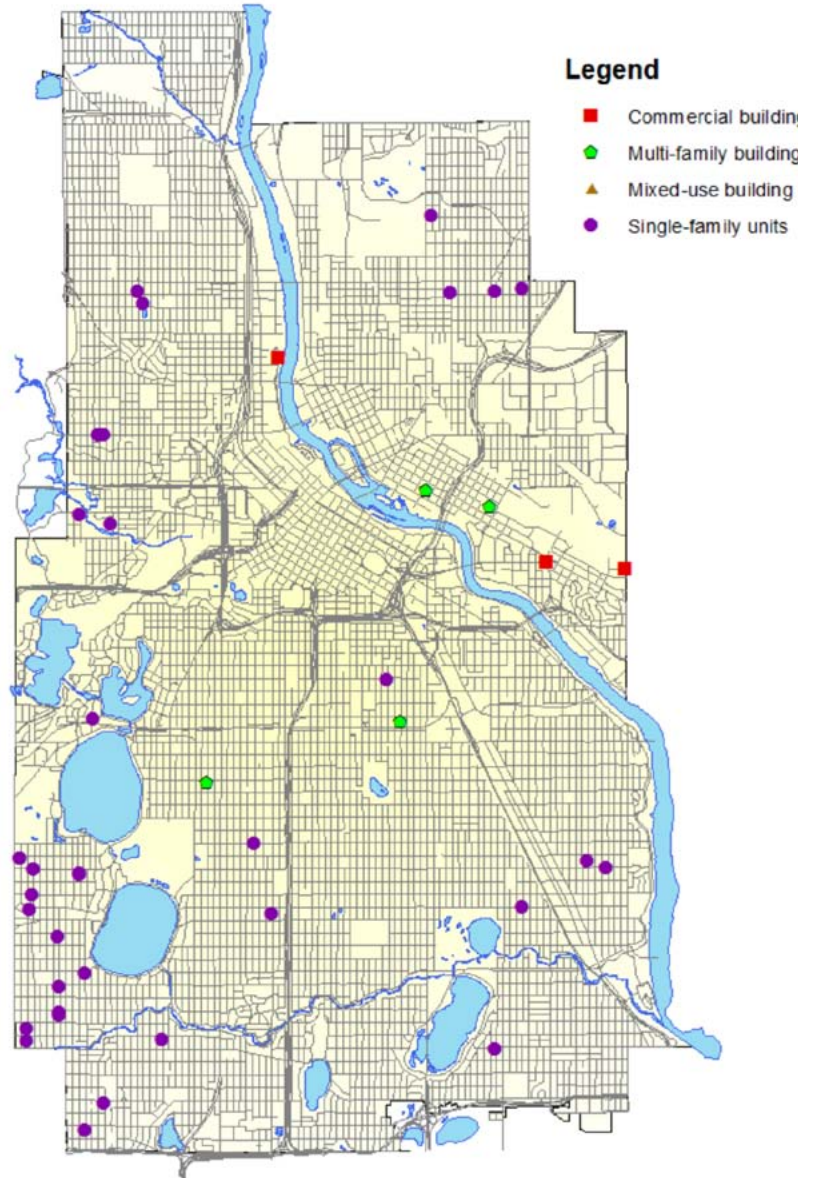
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Thirty-seven single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. Four new multi-family buildings totaling 437 units were also permitted this quarter.

Map 1: **NEW CONSTRUCTION PERMITS – 1Q-14**

Source: Minneapolis CPED



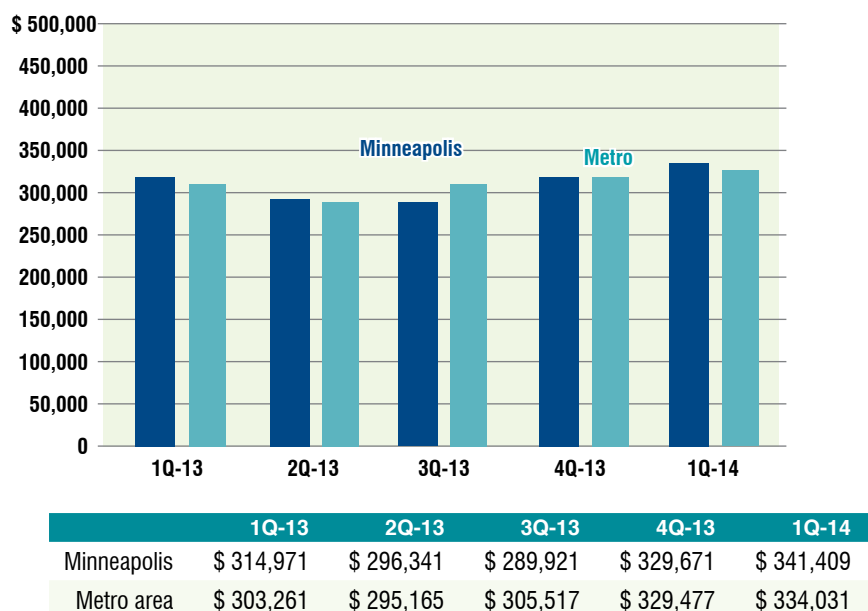
Cost of residential construction

The thirty-seven new single-family homes permitted this quarter had estimated construction costs ranging from \$159,571 to \$1,145,455, with a median of \$285,138.

The average single-family construction cost in the city increased by 3.6 percent this quarter in comparison with last quarter, and increased 8.4 percent compared with the same quarter last year. In the metro area permitted single-family construction cost increased by 1.4 percent over the previous quarter and increased 10.1 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units increased in Minneapolis and in the metro from the previous quarter as well as the same quarter from the previous year.

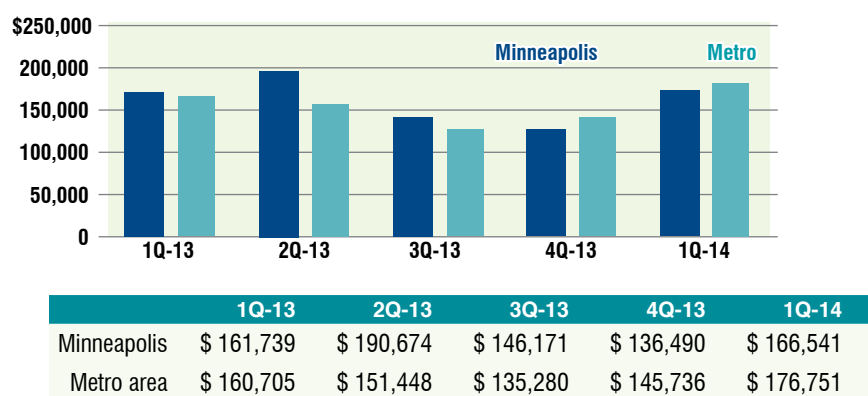
Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit



Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City saw a decrease the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter.

Commercial permit numbers were down when compared to the previous quarter as well, but the value of those permits increased.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Remodels					
Number of buildings	122	170	167	115	100
Total Value	\$ 13,879,186	\$ 27,775,695	\$ 22,976,086	\$ 19,966,647	\$ 9,480,414
Conversions and additions²					
Number of buildings	5	4	7	13	7
Net number of units	-3	56	19	274	-7
Total value	\$ 1,689,000	\$ 9,092,809	\$ 2,186,020	\$ 82,807,806	\$ 196,000
Total Residential¹					
Number of buildings	127	174	174	128	107
Value	\$ 15,568,186	\$ 36,868,504	\$ 25,162,106	\$ 102,774,453	\$ 9,676,414
Total non-residential¹					
Number of buildings ³	150	156	178	165	134
Value	\$ 102,497,433	\$ 75,028,318	\$ 63,817,628	\$ 60,963,468	\$ 69,067,513

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

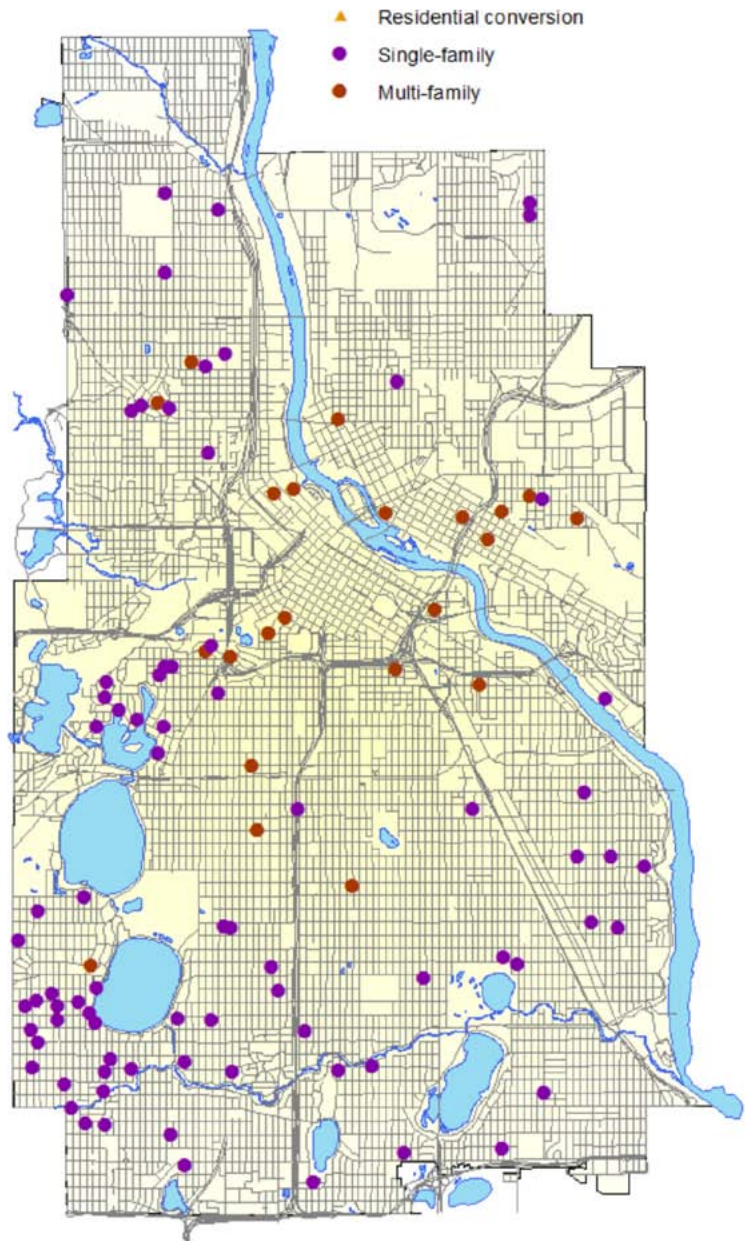
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

Residential projects were limited this quarter to small renovations of mostly single family properties scattered throughout the City.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 1Q-14**
projects \$50,000 +

Source: Minneapolis CPED

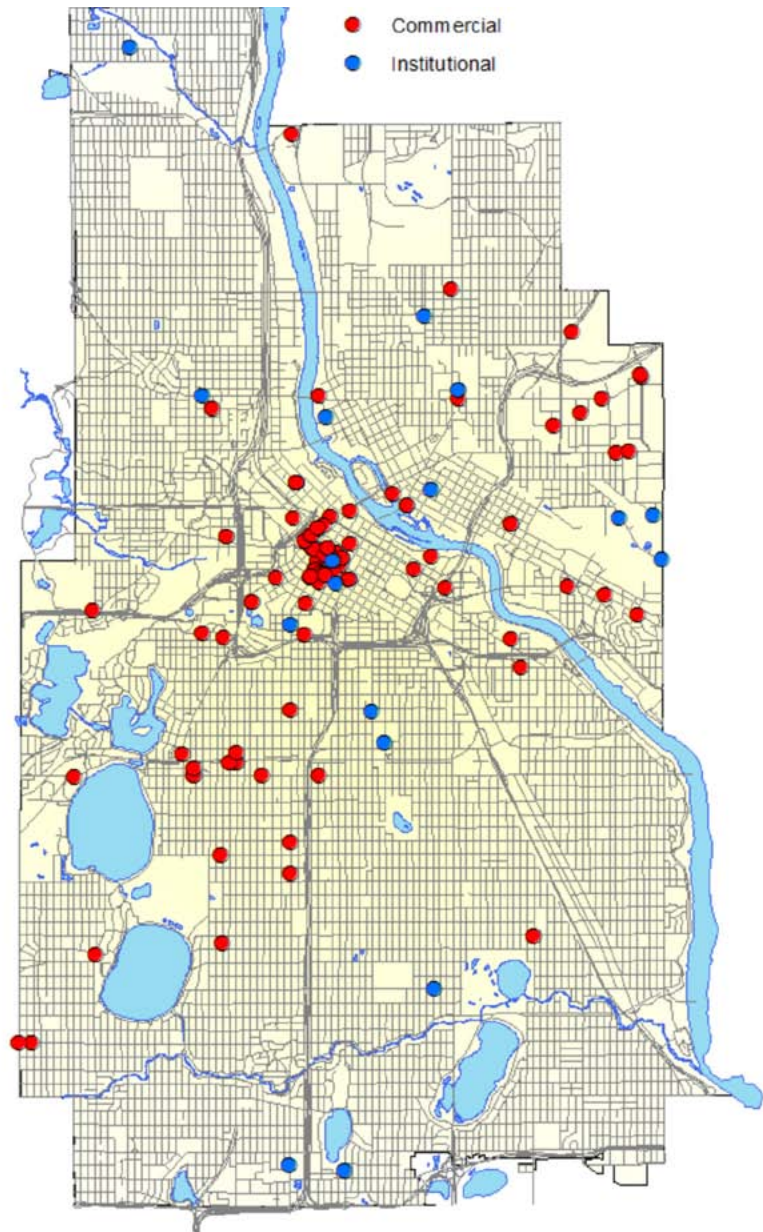


Conversions, remodels & additions

Non-residential remodel permits in the fourth quarter were again concentrated in the downtown sector of the city, with additional concentrations along commercial corridors in the city such as Lake Street.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 4Q-13**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the first quarter of 2014. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
New 333-unit multi-family building	1016 Washington Ave SE	Prospect Park - East River Road	\$ 62,735,000	
Viking's Stadium	500 11th Ave S	Downtown East	\$ 35,000,000	
Surly Brewery	3201 5th St SE	Prospect Park - East River Road	\$ 12,202,929	●
Capella Tower Remodel	225 6th St S	Downtown West	\$ 7,080,000	
Lifesource Headquarters	2225 River Rd W	Hawthorne	\$ 6,505,144	●
New 44-unit multi-family building	2845 Bloomington Ave	East Phillips	\$ 5,763,000	●
Office Remodel	45 7th St S	Downtown West	\$ 5,026,147	
Renovation and addition to multi-family building	1423 5th St SE	Marcy Holmes	\$ 4,196,743	
School renovation and addition	1611 46th St E	Northrop	\$ 4,040,141	
New 48-unit apartment building	628 University Ave SE	Marcy Holmes	\$ 3,930,310	
Metrodome Demolition	500 11th Ave S	Downtown East	\$ 3,500,000	
Restaurant Remodel	915 Nicollet Mall	Downtown West	\$ 2,993,786	
Office Remodel	100 5th St S	Downtown West	\$ 2,809,823	
Office Remodel	106 Washington Ave N	North Loop	\$ 2,497,000	
School renovation	700 22nd Ave Ne	Holland	\$ 2,492,971	
Office Remodel	2330 Kennedy St NE	Mid-City Industrial	\$ 2,014,225	
Target Express	1313 5th St SE	Marcy Holmes	\$ 1,269,899	
Target Center Remodel	600 1st Ave N	Downtown West	\$ 1,230,000	
Commercial Remodel	304 Lake St E	Phillips West	\$ 1,158,735	
New Single Family Home	4040 Vincent Ave S	Linden Hills	\$ 1,145,455	
Office Remodel	1800 Washington Ave S	Cedar Riverside	\$ 1,112,136	
Office Remodel	120 6th St S	Downtown West	\$ 1,107,274	
Office Remodel	1119 West Broadway	Near-North	\$ 1,100,000	
Restaurant Remodel	1608 Harmon Pl	Loring Park	\$ 1,007,251	

Source: Minneapolis CPED

* Includes more than one permit at one address

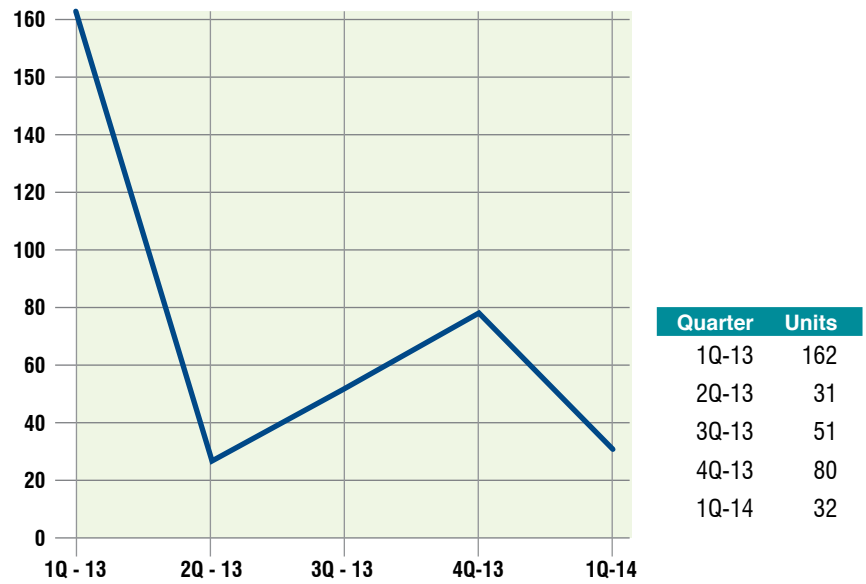
¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

Residential demolitions decreased this quarter when compared to the previous quarter, as well as when compared to the same quarter from 2012.

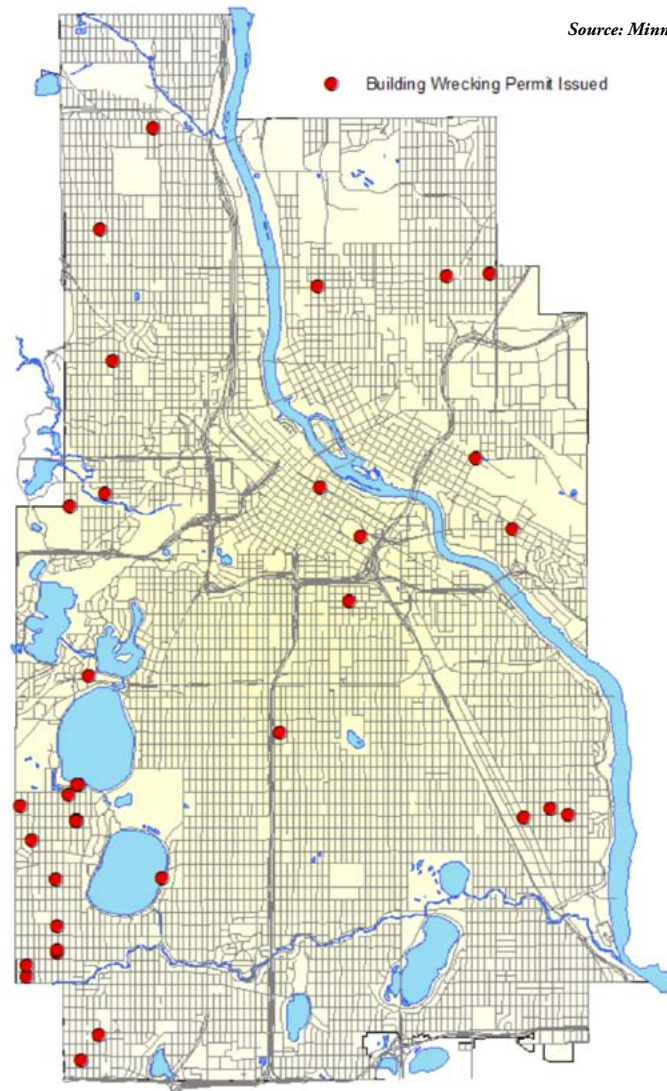
Demolitions continue to be focused in the southwest sector of the city as sites are prepped for the construction of new single-family dwellings.

Figure 9: **RESIDENTIAL UNITS DEMOLISHED** – Minneapolis



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –1Q-14



Source: Minneapolis CPED

Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis rose to 3.2 percent in the first quarter of 2014, up from the 2.5 percent vacancy rate in the previous quarter, and up from the 1.9 percent rate in the first quarter of 2013.
- The number of traditional housing sales increased by 7.7 percent over the same quarter last year, while lender-mediated sales decreased by 38.6 percent. Average prices on traditional housing sales decreased by 4.4 percent from the previous quarter, and increased 0.7 percent over the same quarter last year.
- Foreclosure sales increased by 8.1 percent from the previous quarter, and decreased by 44.4 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 13.3 percent and 17.4 percent this quarter, depending on the firm reporting. Retail vacancies ranged from 9.9 percent to 34.1 percent – the large discrepancy is explained by differences in reporting method by firm.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis rose to 3.2 percent. The metro area vacancy rate also rose slightly this quarter to 2.7 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

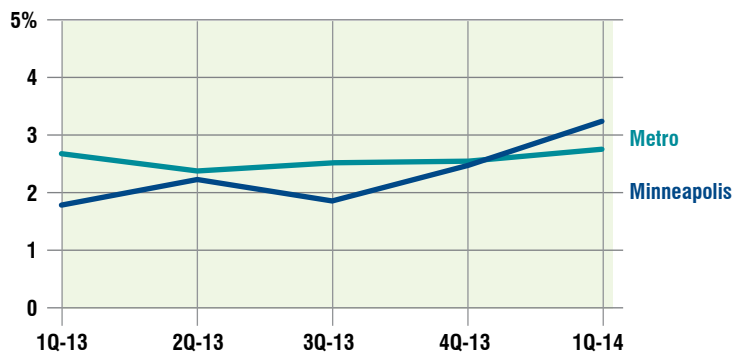
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis					
Units surveyed	16,483	16,923	17,500	18,174	18,510
Vacant units	312	368	332	455	589
Average rent	\$ 1,017	\$ 1,037	\$ 1,041	\$ 1,098	\$ 1,095
Vacancy rate	1.9%	2.2%	1.9%	2.5%	3.2%
Metro area					
Units surveyed	112,383	114,715	117,356	115,632	117,434
Vacant units	3,091	2,675	2,897	2,932	3,214
Average rent	\$ 966	\$ 979	\$ 984	\$ 981	\$ 1,000
Vacancy rate	2.8%	2.3%	2.5%	2.5%	2.7%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

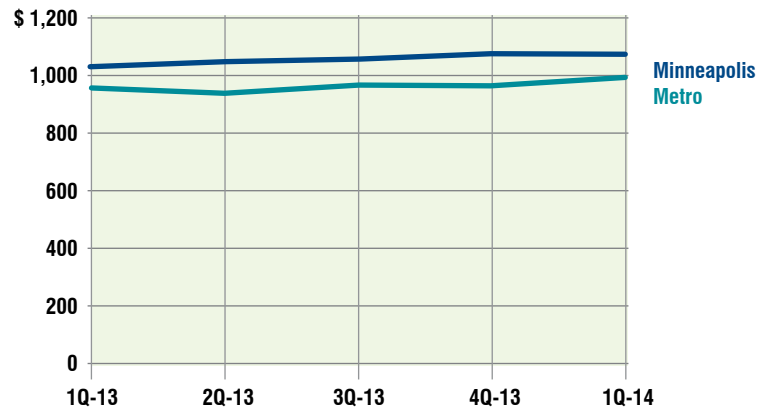
Apartment vacancy rates & average rents

At \$1,095, Minneapolis average rent in inflation-adjusted dollars decreased when compared to the previous quarter and increased when compared to the same quarter of last year. In the metro area average rent was \$1,000, an increase from the previous quarter and when compared to the same quarter of the previous year.

The vacancy rate rose in Downtown, Southwest, South, and North sectors from last quarter, and decreased in the East sector. Compared to the same quarter last year the vacancy rate rose in the Downtown, Southwest, North, and South sectors, while falling in the East sector. The largest change from year to year occurred in North, where the vacancy rate increased from 1.7 percent in the first quarter of 2013, up to 5.6 percent in the first quarter of 2014.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

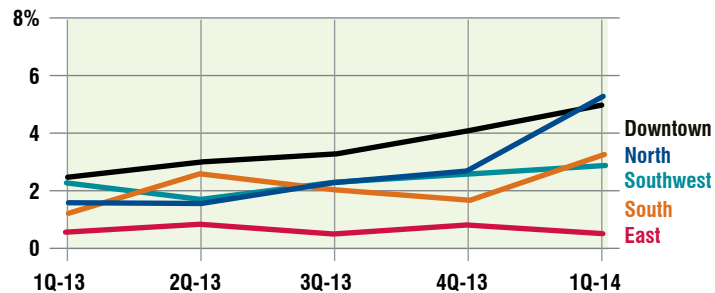
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis	\$ 1,078	\$ 1,093	\$ 1,082	\$ 1,117	\$ 1,095
Metro area	\$ 1,018	\$ 1,018	\$ 1,001	\$ 981	\$ 1,000

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Downtown	2.2%	3.0%	3.3%	4.0%	5.0%
Southwest	2.1%	1.9%	2.2%	2.5%	2.7%
North	1.7%	1.7%	2.2%	2.7%	5.6%
South	1.5%	2.7%	2.0%	1.8%	3.2%
East	1.2%	1.4%	0.9%	1.2%	0.8%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

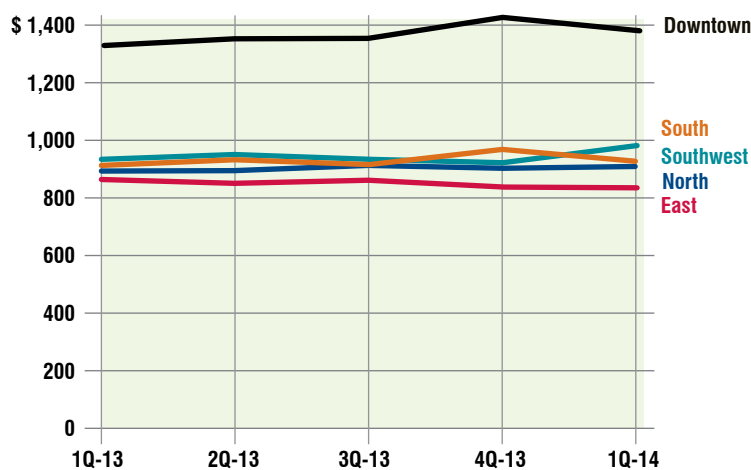
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average rents increased over the previous quarter in the Southwest and North sectors of the city, while falling in the East, South, and Downtown sectors. On a year to year basis, rents increased the most in Southwest Minneapolis (2.8 percent, or 27 dollars), followed by North (1.7 percent, or approximately 16 dollars).

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Downtown	\$1,382	\$1,412	\$1,396	\$1,427	\$1,398
Southwest	\$968	\$978	\$964	\$941	\$995
North	\$927	\$925	\$966	\$939	\$943
South	\$965	\$989	\$979	\$991	\$942
East	\$919	\$902	\$918	\$857	\$856

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

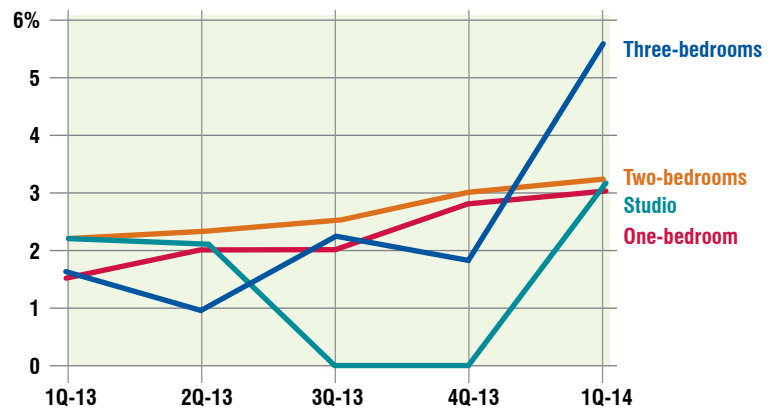
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates rose for all apartment types. In comparison with the same quarter from the previous year, vacancy rates also rose for all apartment types.

Average rents in *inflation-adjusted* dollars held steady or declined among all unit types when compared to both the previous quarter. When compared to the same quarter from the previous year studio rents remained flat, one- and two-bedroom units saw an increase in rent, and three-bedroom units experienced an overall decrease in rent.

* For conversion factors, see [page 42](#).

Figure 14: **RENTAL VACANCY RATE** – Minneapolis
in percent by apartment type

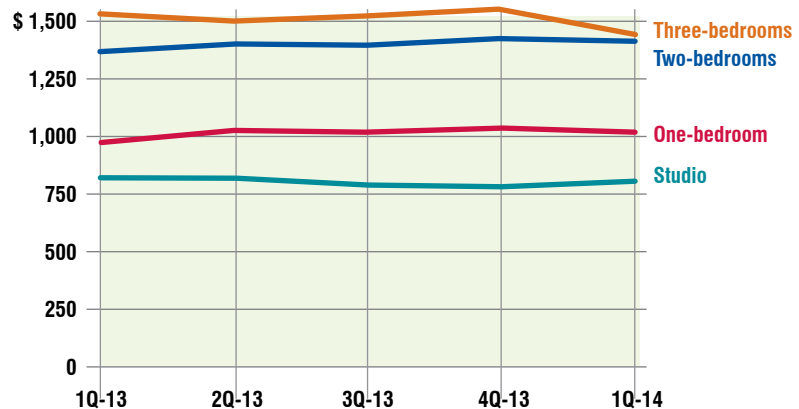


	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Studio	2.2%	2.1%	0.0%	0.0%	3.1%
One-bedroom	1.5%	2.0%	2.0%	2.7%	3.0%
Two-bedroom	2.2%	2.4%	2.5%	3.0%	3.2%
Three-bedroom	1.7%	0.9%	2.2%	1.9%	5.5%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis
in inflation-adjusted dollars by apartment type



	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Studio	\$ 791	\$ 799	\$ 787	\$ 789	\$ 790
One-bedroom	\$ 999	\$ 1,013	\$ 1,000	\$ 1,018	\$ 1,003
Two-bedroom	\$ 1,367	\$ 1,394	\$ 1,388	\$ 1,429	\$ 1,429
Three-bedroom	\$ 1,504	\$ 1,500	\$ 1,503	\$ 1,516	\$ 1,468

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

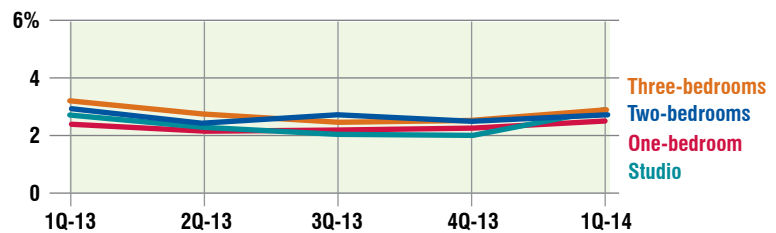
Recorded data for the last month of the quarter.

Apartment vacancy rates & average rents

In the metro area vacancy rates held steady for two-bedroom units while rising in all other unit types. Studio and one-bedroom units saw an increase in vacancy when compared to the previous year, while vacancy decreased in two- and three-bedroom.

Average rents in *inflation-adjusted* dollars in the metro increased slightly for studio apartments while holding steady or declining over both the previous quarter for all other apartment types. When compared to the same quarter from the previous year studio apartments saw a rent increase, while all other apartment types saw rents decrease.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area
in percent by apartment type



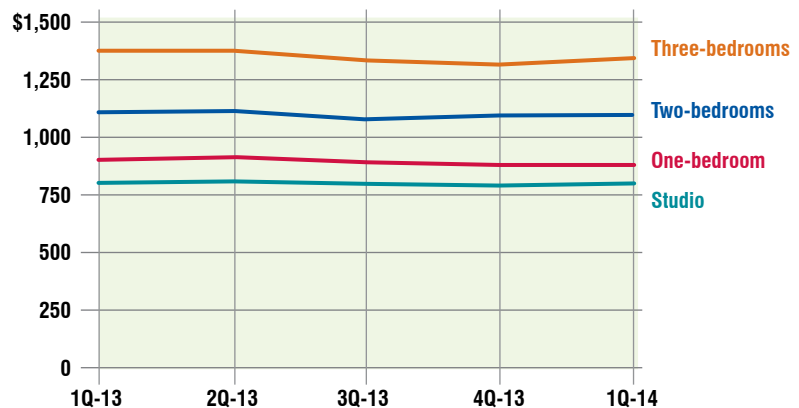
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Studio	2.8%	2.3%	2.0%	2.0%	3.0%
One-bedroom	2.4%	2.2%	2.2%	2.3%	2.5%
Two-bedroom	3.0%	2.4%	2.8%	2.8%	2.8%
Three-bedroom	3.1%	2.7%	2.5%	2.4%	3.0%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area
in inflation-adjusted dollars by apartment type



	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Studio	\$ 771	\$ 776	\$ 767	\$ 753	\$ 759
One-bedroom	\$ 894	\$ 900	\$ 893	\$ 875	\$ 875
Two-bedroom	\$ 1,111	\$ 1,120	\$ 1,108	\$ 1,088	\$ 1,083
Three-bedroom	\$ 1,413	\$ 1,419	\$ 1,406	\$ 1,359	\$ 1,343

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

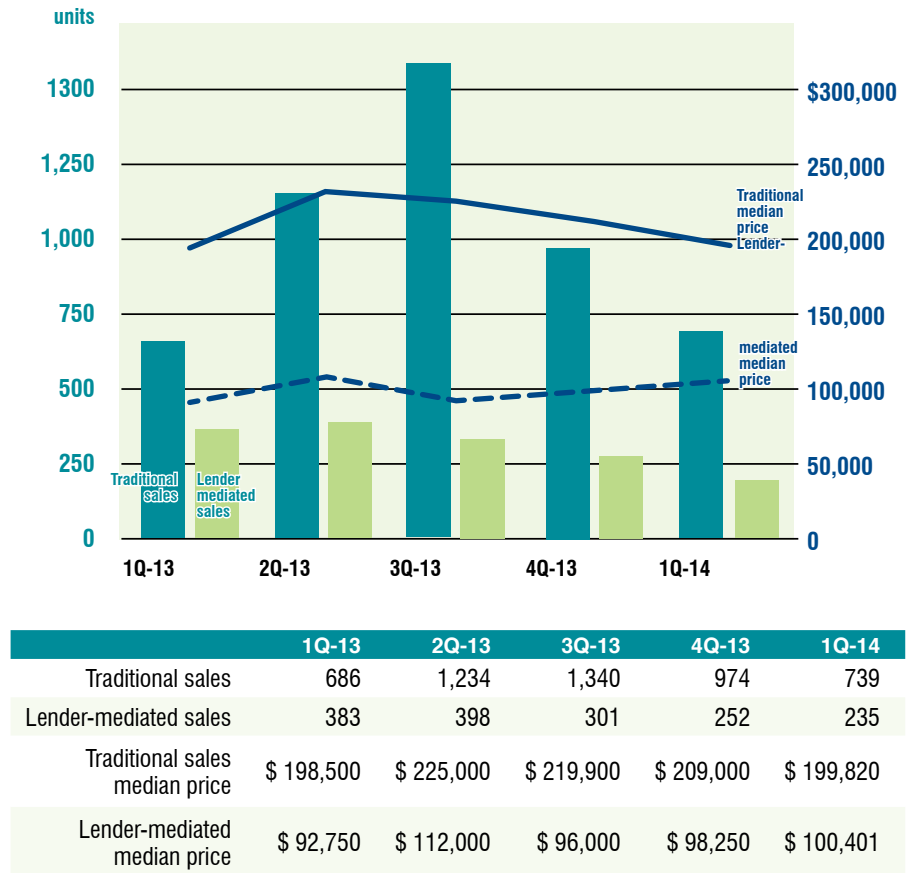
Residential sales

Overall sale of housing units decreased from the previous quarter. This included a decrease in traditional sales (24.1 percent decrease) and a decrease in lender-mediated sales (6.7 percent decrease). Median prices for the quarter decreased for traditional sales and increased slightly for lender-mediated sales. The median price of traditional sales in Minneapolis (\$199,820) continued to lag behind that of the region (\$213,150).

Over a twelve-month period, the number of traditional housing sales increased by 7.7 percent, while lender-mediated sales decreased by 38.6 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (0.7 percent) and for lender-mediated sales (8.2 percent). This quarter lender-mediated sales including foreclosures were 24 percent of all housing sales in the city, while they accounted for 36 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

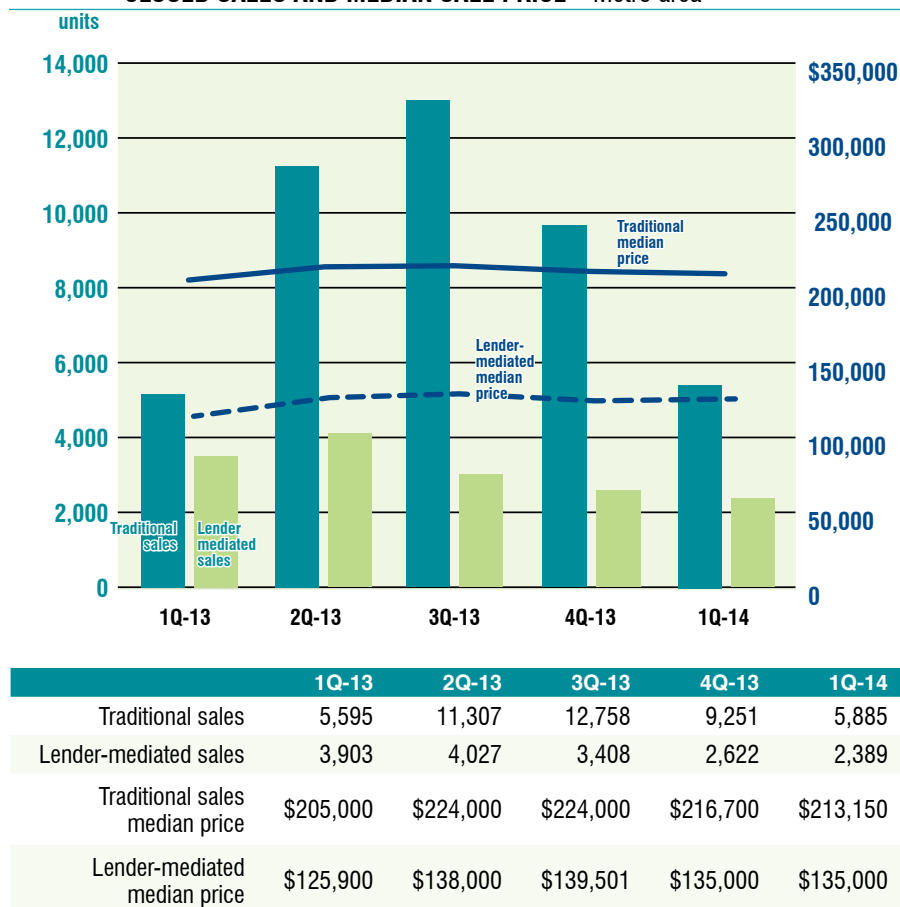


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area traditional sales were down from the previous quarter by 36.4 percent, while lender-mediated sales declined by 8.9 percent. Median sale prices fell for traditional sales by 1.6 percent, and held steady for lender-mediated sales.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED
CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

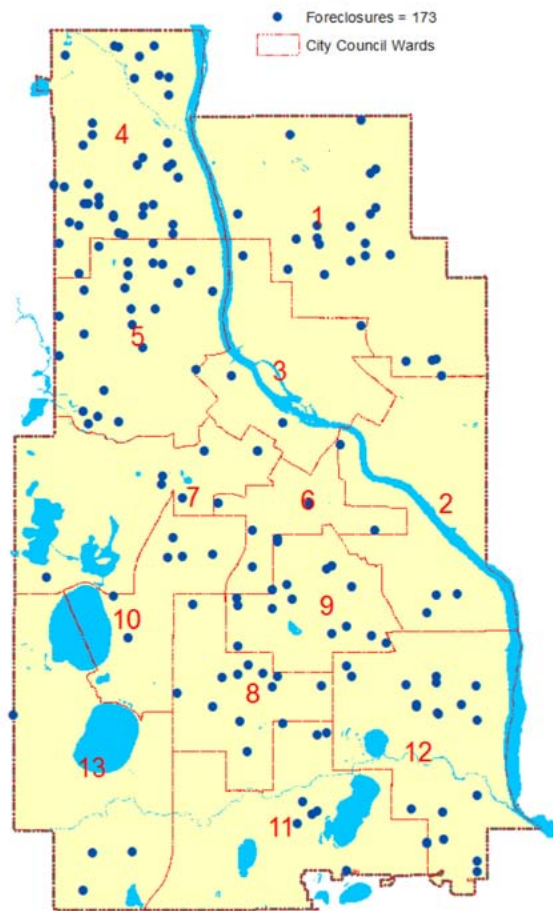
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 173 properties were sold at public auction, 8.1 percent more than the previous quarter, and 44.4 percent fewer than the first quarter of 2013.

MAP 5: PROPERTIES FORECLOSED – 1Q-14
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2013. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: FORECLOSURE PROPERTIES – Minneapolis
by ward

Ward	1Q-13		2Q-13		3Q-13		4Q-13		1Q-14	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	26	8%	18	8%	21	11%	10	6%	22	13%
2	7	2%	2	1%	2	1%	1	1%	4	2%
3	22	7%	12	6%	7	4%	13	8%	4	2%
4	68	22%	55	25%	50	26%	26	16%	38	22%
5	43	14%	25	12%	11	6%	23	14%	24	14%
6	16	5%	7	3%	10	5%	3	2%	6	3%
7	12	4%	6	3%	15	8%	11	7%	7	4%
8	27	9%	28	13%	14	7%	16	10%	12	7%
9	22	7%	19	9%	16	8%	17	11%	18	10%
10	10	3%	6	3%	10	5%	5	3%	6	3%
11	19	6%	14	6%	7	4%	11	7%	9	5%
12	28	9%	15	7%	25	13%	17	11%	19	11%
13	11	4%	9	4%	7	4%	7	4%	4	2%
Total	311	100%	216	100%	195	100%	160	100%	173	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

Foreclosures

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units



Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city increased from the last quarter to 587, but was 14.9 percent lower than at the end of the first quarter of 2013. The number of condemned buildings dropped by 3.3 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased 24.1 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

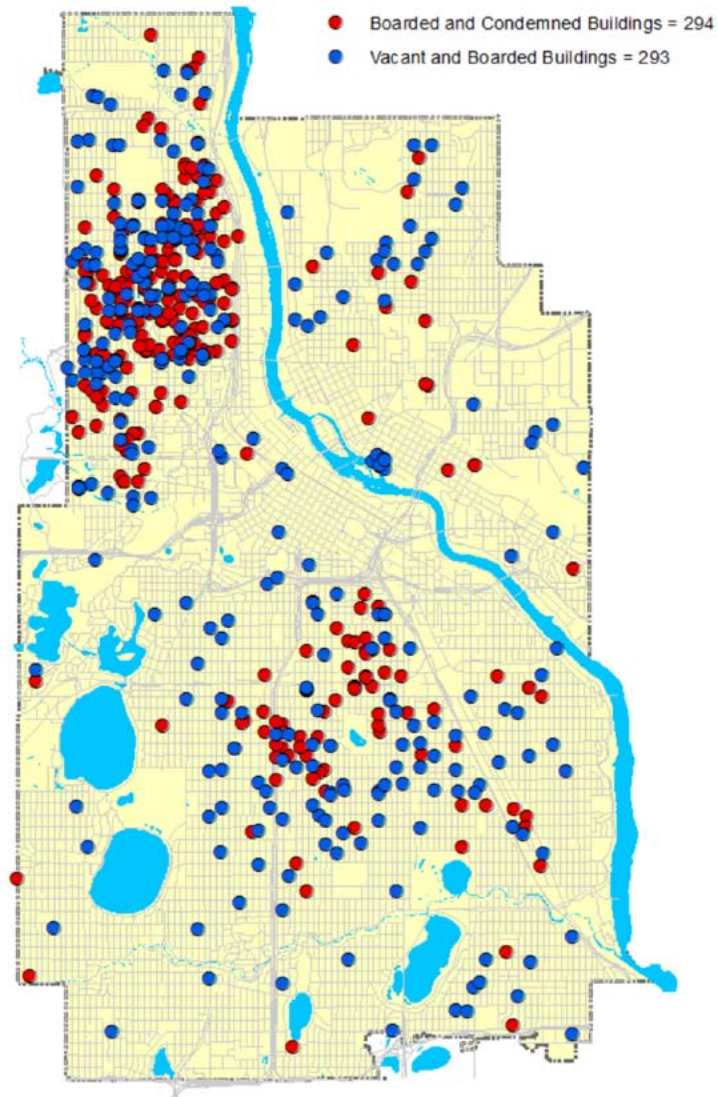


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Boarded and condemned buildings	304	287	285	283	294
Vacant but not condemned	386	344	321	275	293
Total	690	631	606	558	587

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

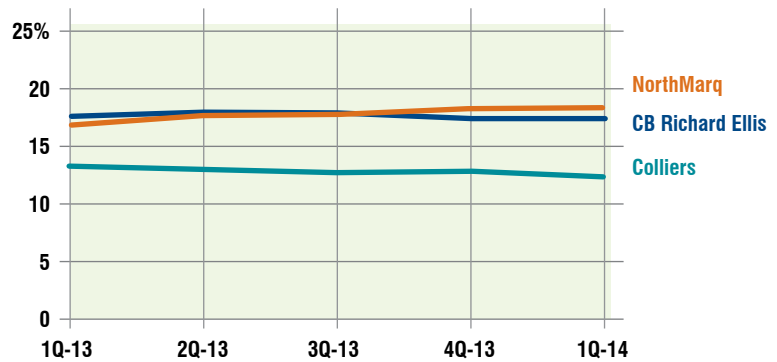
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 13.3 percent and 17.4 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 15.3 percent and 17.4 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**
in percent

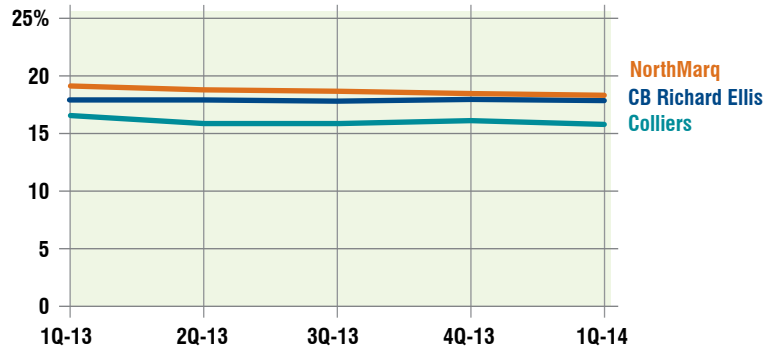


	1Q 13	2Q 13	3Q 13	4Q 13	1Q 14
CB Richard Ellis	16.4%	16.7%	16.7%	16.3%	16.4%
Colliers	14.3%	14.2%	13.9%	13.9%	13.3%
NorthMarq	16.1%	16.8%	16.8%	17.4%	17.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**
in percent



	1Q 13	2Q 13	3Q 13	4Q 13	1Q 14
CB Richard Ellis	17.0%	17.0%	17.1%	17.3%	17.3%
Colliers	16.0%	15.4%	15.4%	15.6%	15.3%
NorthMarq	18.0%	17.5%	17.5%	17.4%	17.4%

Sources: CB Richard Ellis, Colliers and NorthMarq

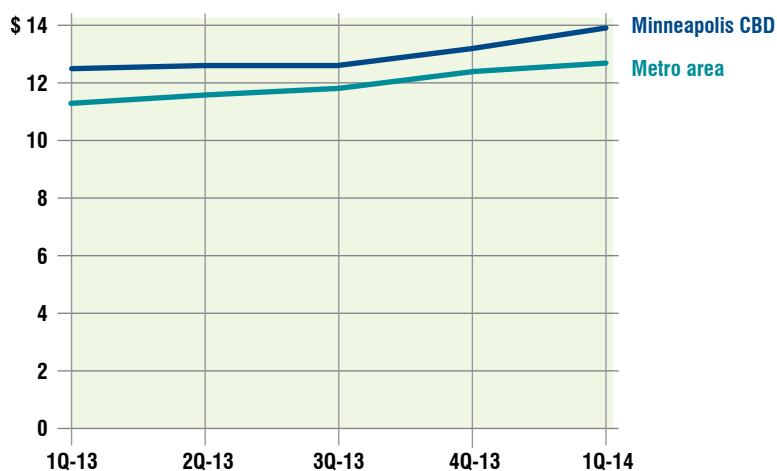
See explanation of sources on [page 42](#)

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) it's second consecutive dramatic quarterly increase, rising to \$13.98 per square foot. In the metro area rates were also up significantly over both the previous quarter and the same quarter last year.

Between the third and fourth quarter in both Downtown Minneapolis and the metro area the rate of growth in occupied office space increased. An additional 316,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous quarter.

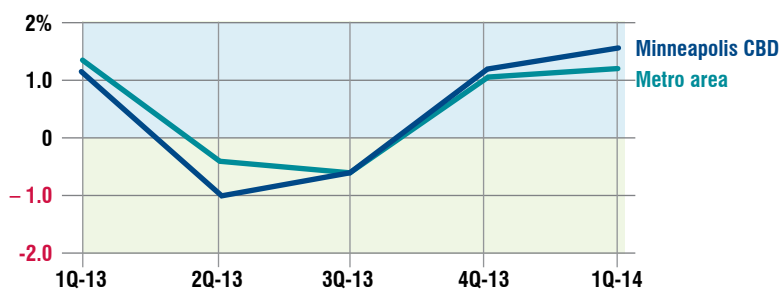
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**
in percent



Source: CB Richard Ellis

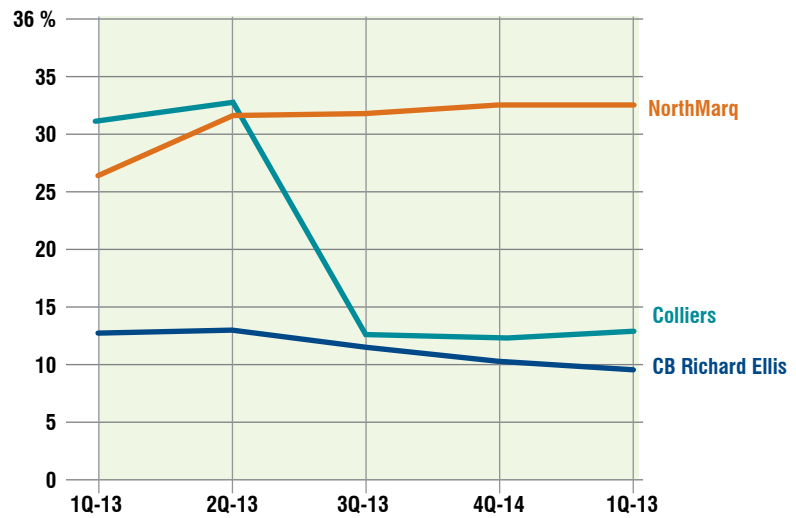
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 9.9 and 34.1 percent. Block E and Gaviidae Common were removed from the CBRE reporting in the first quarter of 2013 as the future programming of those spaces are unknown or substantially not retail focused. Colliers adjusted their reporting based on similar information in 2013. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done.

The metro area vacancy rate this quarter ranged from 5.2 percent to 7.2 percent, with decreases reported over the last quarter from two of the three real estate firms referenced.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent

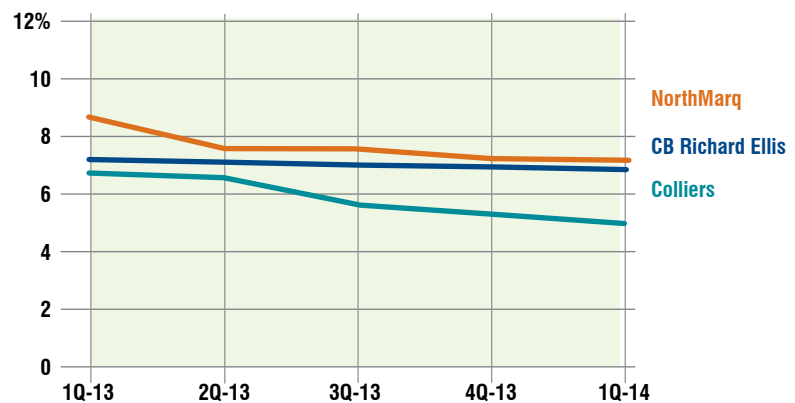


	1Q 13	2Q 13	3Q 13	4Q 13	1Q 14
CB Richard Ellis	12.0%	12.2%	11.6%	No data	9.9%
Colliers	32.6%	36.1%	13.3%	12.8%	14.4%
NorthMarq	26.8%	33.6%	33.6%	34.1%	34.1%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	1Q 13	2Q 13	3Q 13	4Q 13	1Q 14
CB Richard Ellis	7.5%	7.4%	7.3%	No data	7.0%
Colliers	6.4%	6.2%	5.7%	5.4%	5.2%
Northmarq	8.3%	7.8%	7.8%	7.2%	7.2%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

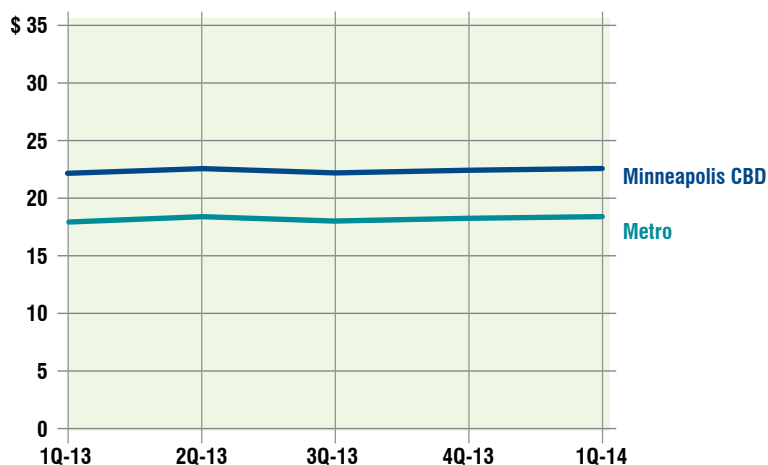
Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) held steady since the last available reported numbers and increased slightly when compared to the same quarter last year.

In the metro area, average asking lease price increased over the most recent available reported numbers, and fell below asking prices from the same quarter in previous year.

Occupied retail space in the Minneapolis central business district (CBD) increased slightly this quarter as the market continues to react to the loss of space in Block E and Gaviidae Common.

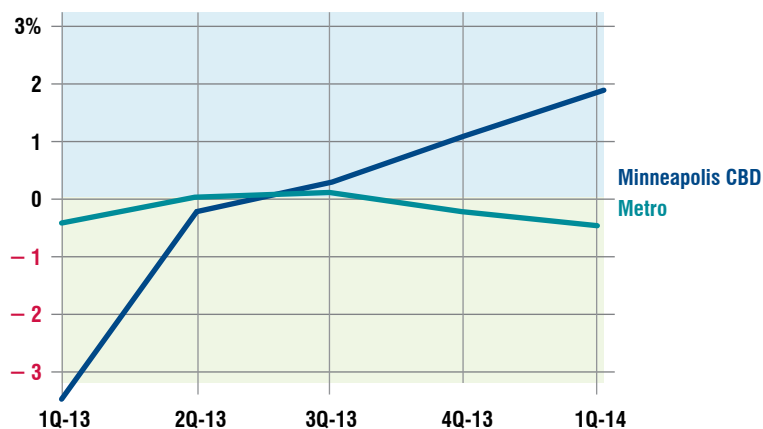
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**
in percent



Source: CB Richard Ellis

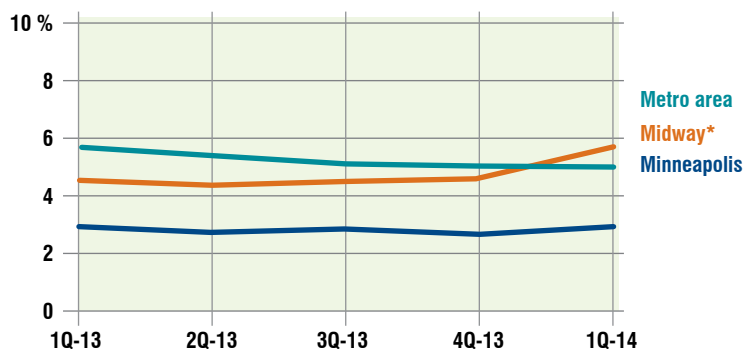
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate increased over the previous quarter in both the Minneapolis and the Midway areas, while increasing in the Metro area overall.

The average asking lease price for industrial space increased across all geographies tracked for this report when compared to both the previous quarter and the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



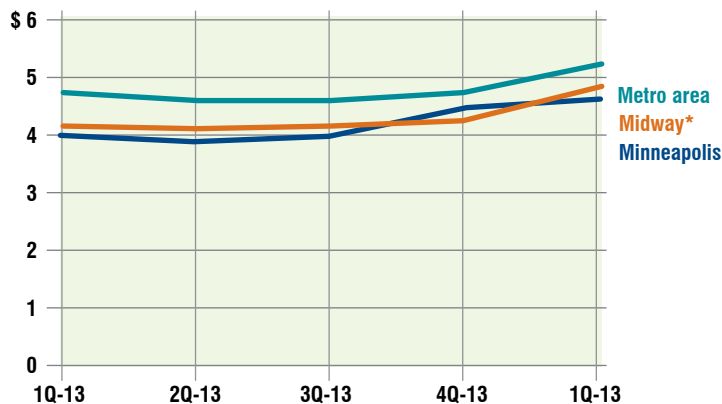
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis	3.4%	3.2%	3.4%	3.0%	3.2%
Midway*	4.6%	4.4%	4.5%	4.6%	5.8%
Metro area	5.9%	5.8%	5.6%	5.2%	5.0%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis	\$4.00	\$3.95	\$3.95	\$4.31	\$4.54
Midway*	\$4.05	\$4.05	\$4.13	\$4.17	\$4.67
Metro area	\$4.72	\$4.57	\$4.55	\$4.73	\$5.10

Source: CB Richard Ellis

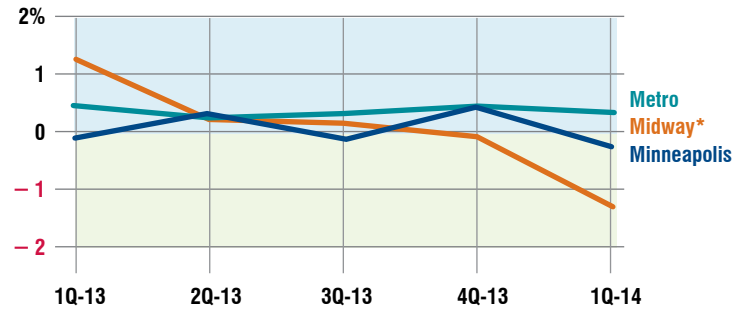
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Industrial absorption rates decreased in Minneapolis and the Midway area, while increasing in the Metro area overall

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



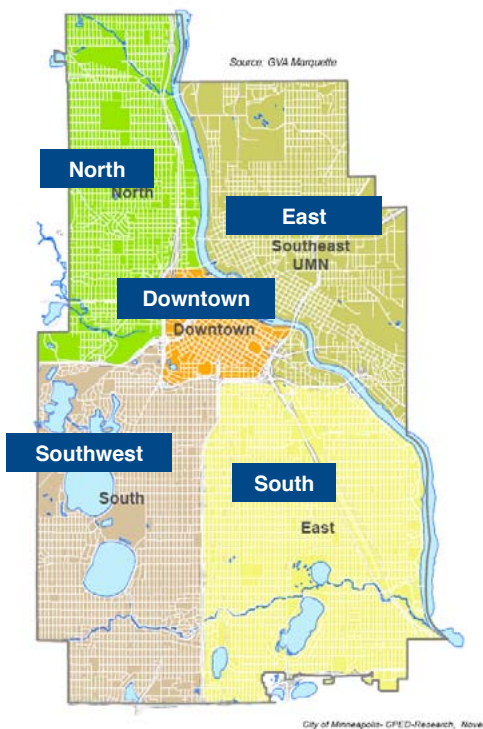
	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
Minneapolis	-0.1%	0.3%	-0.2%	0.4%	-0.2%
Midway*	1.3%	0.2%	0.1%	-0.1%	-1.3%
Metro area	0.4%	0.2%	0.3%	0.4%	0.3%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys. Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



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